GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4925
ANSWERED ON:24.08.2001
FDI IN BANKS
IQBAL AHMED SARADGI

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has clarified that the 49 percent Foreign Direct Investment for banks would include investments by Foreign Institutional Investors also;

(b) if so, whether this clarification was necessary after the Government took a decision that 49 percent FDI in the banking sector on an automatic route;

(c) whether this will be subject to the guidelines of the Reserve Bank of India; and

(d) if so, what extent the FDI for banks has been welcomed by all countries ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a),(b)&(c): The Government of India has, in May, 2001, permitted foreign direct investment (FDI) upto 49% in the banking sector from all sources under the automatic route, subject to conformity with guidelines issued by Reserve Bank of India (RBI) from time to time.

(d): This is a recent decision and is expected to be welcome by all countries.